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TO : Chief, EE

29 October 1956

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25X1A6A FROM : Chief of Station, []

INFO: []

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SUBJECT: General : Administrative
Specific: Financial Property Accounting and Property
Authorization Control

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ACTION REQUIRED : That the question as to the application of FPA and PAC to
the [] Station be brought to the personal attention
of the Chief, []

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REF: A. []
B. []

1. Reference A represents a most sincere and considered appeal from the
[] Station for a thorough restudy of the pros and cons of FPA and the pro-
posal to extend the system to include a Property Authorization Control system.
This appeal was based on the collective experience and judgement of Station per-
sonnel, some of whom are relatively recent arrivals who understand the so-called
Headquarters viewpoint and others who have worked diligently with FPA for many
months. In view of this balanced consensus, [] believes that this
is the time (before any supplemental procedures are added to FPA in the form of a
Property Authorization Control system) for a considered restudy of the entire pro-
posal.

2. This follow-up dispatch is being written because two recent events have
raised doubts in our mind as to whether our request will receive the objective
study which we feel is necessary to reach a proper determination. The first event

procedures, but must add that it does not materially reduce the volume of work
imposed on the Station nor does it demonstrate an enlightened view with respect to
its application within the [] Station. The second event was the arrival of
Reference B which, in paragraphs 5 and 8, indicates that the writer takes for
granted the continuation and expansion of FPA at our [] and the field
installation of the Property Authorization Control system as well.

3. We do not know, of course, whether the Director of Logistics and the
Comptroller are aware of our request for a full-scale review, whether a review has
already been made and a determination reached against our position, or whether the
review has not yet been commenced. In any event, reflection upon the nature of
the problem, a review of [] and reflection upon the normal staffing flow

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at Headquarters leads us to believe that we may not have been successful in establishing this matter as a problem involving policies and considerations which completely transcend the purely technical accounting and property aspects thereof.

4. In order to emphasize some of the broader issues involved, we will again summarize below some of our basic objections to FPA and PAC:

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(a) The [] Station has already established the KUBARK property accountability system, we have priced property records, and can furnish informational reports adequate to all practical needs. The imposition of a secondary control and informational system is essentially unnecessary.

(b) The argument that some projects have historically vastly exceeded their authorized scope and magnitude due to lack of a Property Authorization Control system is not, in our opinion, a valid one for the imposition of the PAC system contemplated. Projects with significant property requirements are numerically insignificant and a simple system to control such projects is certainly feasible.

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(c) The [] Station is not a significant cog in the KUBARK world-wide supply system. Its supply function relates almost exclusively to its own operations which are of a nature which neither warrants nor justifies such elaborate property and financial controls.

(d) Based upon the one-year experience of the Station with FPA procedures, the expenditure of manpower on this effort is in such disproportion to the benefits derived as to constitute violation of KUBARK management and manpower utilization policies.

(e) It is extremely doubtful if FPA and PAC can ever be applied to all Class A Bases in the field. We see little merit, therefore, in its spotty implementation at isolated points in the world.

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(f) FPA and PAC will require an expansion of administrative machinery which is diametrically opposed to the present decentralization program of the [] Station and the contraction program which must at least be planned for in the absence of any foreseeable implementation date.

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(g) The FPA and PAC systems are so technical and complicated that only persons specially trained in their comprehension and application could put them into effect. Attention is called to the fact that the

[]
Reporting Procedures. We submit, therefore, that although the systems

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represent a fine piece of technical procedure, many weeks of training and overtime work would be necessary to install the system.

5. We recognize that, within the normal staffing pattern of Headquarters, administrative matters such as this would normally be considered largely by the Chiefs of the technical components concerned. In this case we believe non-technical considerations, such as work simplification policies, manpower conservation policies, and the maintenance of balance between optimum operational effectiveness and optimum administrative control, completely transcend the purely technical considerations.

6. It is for these reasons that we make the specific suggestion that the juxtapositions of Headquarters and the [] Station be brought to the personal attention of the Chief, [] upon his return to Headquarters. This seems desirable not only because his responsibilities encompass most of the managerial and policy questions we raise but because his current trip to a somewhat analogous operational area has probably given him first-hand information on this particular subject.

7. A final point may be in order--to explain our persistent claims that additional, and perhaps more highly-trained, personnel will be required to fully implement FPA and PAC.

(a) It is a fact that we have not as yet established FPA over the property managed by [] and []. To do so will require additional Finance personnel.

(b) The establishment of PAC will undoubtedly require still additional personnel in a number which cannot be accurately forecast.

8. In winding this up, we again might point out that our entire trend is to eliminate any supply depot function from the [] Station. Most of our equipment is overhead property in use under tight controls, and other supplies are largely expendable. In the latter area, most procurement is effected locally and is being handled on a hand-to-mouth basis. We are currently taking inventories of ordnance material with a view toward reducing our stocks to absolute minimum requirements. In the longer-range point of view, we are currently planning for curtailment of the operations, [] We believe all of these factors are pertinent to the present issues.

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9. We stand ready to provide any desired information regarding the makeup of current property inventories, manpower hours expended on FPA, and current procurement policies and practices.

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